EXHIBIT 2

Knowledge Mosaic®

Company: RIMINI STREET, INC.

Form Type: S-1/A

Filing Date: 5/13/2014

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As filed with the Securities and Exchange Commission on May 13, 2014

Registration No. 333-193910

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 2
TO
FORM S-1

REGISTRATION STATEMENT

Under
The Securities Act of 1933

RIMINI STREET, INC.

(Exact name of Registrant as specified in its charter)

Nevada	**7380**	**20-3476468**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

3993 Howard Hughes Parkway, Suite 780
Las Vegas, NV 89169
(702) 839-9671

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Seth A. Ravin
Chief Executive Officer
Rimini Street, Inc.
3993 Howard Hughes Parkway, Suite 780
Las Vegas, NV 89169
(702) 839-9671

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

John T. Sheridan **Jon C. Avina** **Wilson Sonsini Goodrich & Rosati, P.C.** **650 Page Mill Road** **Palo Alto, California 94304** **(650) 493-9300**	**Daniel B. Winslow** **Senior Vice President and General Counsel** **Rimini Street, Inc.** **6601 Koll Center Parkway, Suite 300** **Pleasanton, CA 94566** **(925) 485-9211**	**Nora L. Gibson** **Todd A. Hamblet** **Covington & Burling LLP** **One Front Street** **San Francisco, CA 94111-5356** **(415) 591-6000**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 (the "Securities Act"), check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934. (Check one). ☐

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒	Smaller reporting company ☐
		(Do not check if a smaller reporting company)	

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Class A Common Stock, $0.001 par value	$60,000,000	$7,728.00(3)

(1) Includes the aggregate offering price of additional shares that the underwriters have the option to purchase.
(2) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457 under the Securities Act of 1933.
(3) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission acting pursuant to said Section 8(a) may determine.

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Operating activities

For the three months ended March 31, 2014, cash flow used in operating activities was $0.7 million. The negative cash flows resulted primarily from a net loss of $7.1 million, offset by an increase in accounts receivable of $3.2 million, deferred revenues of $1.8 million, non-cash expenses of $1.3 million and a net increase in other working capital amounts of $0.1 million.

For the year ended December 31, 2013, cash flows provided by operating activities was $6.6 million. The positive cash flows resulted primarily from an increase in deferred revenues of $20.1 million and a reduction in other working capital amounts of $3.4 million, partially offset by an increase in accounts receivable of $7.2 million, and our net loss of $12.1 million.

For the three months ended March 31, 2013, cash flows provided by operating activities was $5.6 million. The positive cash flows resulted primarily from an increase in deferred revenues of $4.3 million, non-cash expenses of $0.6 million, accounts receivable of $4.2 million, offset by a net loss of $2.0 million and a net decrease in other working capital amounts of $1.4 million.

For the year ended December 31, 2012, cash flows provided by operating activities was $2.0 million. The positive cash flows resulted primarily from an increase in deferred revenues of $16.5 million, non-cash expenses of $2.3 million, and a net decrease in other working capital amounts of $0.8 million, partially offset by an increase in accounts receivable of $7.7 million and our net loss of $9.9 million.

For the year ended December 31, 2011, cash flows used in operating activities was $1.3 million. The cash used primarily related to our net loss of $12.2 million and an increase in accounts receivable of $5.7 million, partially offset by an increase in deferred revenues of $8.9 million, non-cash expenses of $3.3 million and a net decrease in other working capital amounts of $4.5 million.

Investing activities

Cash used in investing activities for the three months ended March 31, 2013 and 2014 was $0.2 million and $0.6 million, respectively, and $0.3 million, $0.3 million and $1.4 million for the years ended December 31, 2011, 2012 and 2013, respectively. The increases were primarily driven by additional capital expenditures as we continued to invest in our business infrastructure.

Financing activities

For the three months ended March 31, 2014, financing activities used $1.4 million in cash and cash equivalents primarily due to $1.3 million in costs incurred as a result of our initial public offering efforts.

For the year ended December 31, 2013, financing activities provided $3.4 million in cash and cash equivalents as a result of $14.6 million in financing proceeds primarily from a line of credit, partially offset by $8.5 million in repayments on a line of credit, other loans and capital leases, and $2.7 million in costs incurred as a result of our initial public offering efforts.

For the three months ended March 31, 2013, financing activities provided $0.3 million in cash and cash equivalents primarily as a result of $0.7 million received from a line of credit, partially offset by $0.4 million in repayments of note payable and payments on capital leases.

For the year ended December 31, 2012, financing activities provided $2.0 million in proceeds as a result of $4.0 million received from a line of credit, partially offset by $1.4 million of repayments of note payable and $529,000 in principal payments on our outstanding capital leases.

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For the year ended December 31, 2011, financing activities provided $3.4 million in proceeds as a result of $3.5 million received from the issuance of a note payable and $5.4 million received from a line of credit, partially offset by repayments of $5.0 million on a line of credit and $487,000 in principal payments on our outstanding capital leases.

Contractual obligations and commitments

Our principal commitments primarily consist of obligations under a line of credit, leases for office space and assets financed through capital leases. As of December 31, 2013, the future non-cancellable minimum lease payments under these obligations were as follows:

	Payments Due By Period			
	Total	Less than 1 year	1 – 3 years	More than 3
	(in thousands)			
Line of credit(1)(2)	$14,700	$ —	$14,700	$ —
Interest on line of credit	794	588	206	—
Loan(3)	1,044	464	580	—
Capital lease obligations(4)	145	112	33	—
Operating lease obligations	7,182	1,596	2,471	3,115
Total	$23,865	$2,760	$17,990	$3,115

(1) The line of credit is assumed paid on maturity, May 8, 2015, based on contractual terms as of December 31, 2013. Subsequent to March 31, 2014, the maturity was amended to May 2016.

(2) Under the terms of the line of credit, an event of default would occur if a "material adverse change" were considered "reasonably likely" to occur. Such a material adverse change could occur if, for example, we experienced a material reduction in client sales as a result of an adverse development in our litigation with Oracle or, pursuant to the terms of the note and line of credit, a judgment were rendered against us in an amount of $50,000 or more. If such an event of default were to occur, our lender could demand accelerated payment of principal and accrued interest under the line of credit. As a result, the loan is classified in the financial statements as current.

(3) Includes gross amounts of payments for the loan, with interest at approximately 9%.

(4) Includes gross amounts of payments for the leased assets, with interest from 10-15%.

Off-balance sheet arrangements

During the periods presented, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements.

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign currency exchange risk

We have foreign currency risks related to our revenues and operating expenses denominated in currencies other than the U.S. Dollar, primarily the Euro, British Pound Sterling, Brazilian Real, Australian Dollar, Indian Rupee and the Japanese Yen. We generated approximately 87%, 83%, 77%, 78% and 75% of our revenues in the United States and approximately 13%, 17%, 23%, 22% and 25% of our revenues from our international business for the years ended December 31, 2011 and 2012 and 2013, and for the three

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months ended March 31, 2013 and 2014, respectively. Decreases in the relative value of the U.S. Dollar to other currencies may negatively affect our revenues and other operating results as expressed in U.S. Dollars.

We have experienced and will continue to experience fluctuations in our net loss as a result of transaction gains or losses related to revaluing certain current asset and current liability balances, including intercompany receivables and payables, that are denominated in currencies other than the functional currency of the entities in which they are recorded. While we have not engaged in the hedging of our foreign currency transactions to date, we are evaluating the costs and benefits of initiating such a program and may in the future hedge selected significant transactions denominated in currencies other than the U.S. Dollar.

Interest rate sensitivity

We hold cash and cash equivalents for working capital purposes. We do not have material exposure to market risk with respect to investments, as any investments we enter into are primarily highly liquid investments.

Our interest rate on our line of credit is currently at 4% per annum. Our interest rate is determined based on the higher of the prime rate plus 0.75% or 4%. Because the prime rate at March 31, 2014 is 3.25%, a 100 basis point increase in prime would result in our interest rate being 5%. A 1% increase in our interest rate would increase our interest expense by $147,000 assuming outstanding borrowings remained constant at $14.7 million.

Inflation risk

We do not believe that inflation currently has a material effect on our business.

Critical accounting policies and significant judgments and estimates

Our management's discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported revenues and expenses during the reporting periods. These items are monitored and analyzed by us for changes in facts and circumstances, and material changes in these estimates could occur in the future. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Changes in estimates are reflected in reported results for the period in which they become known. Actual results may differ from these estimates under different assumptions or conditions.

We believe that of our significant accounting policies, which are described in note 2 to our consolidated financial statements, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations.

Revenue recognition

We recognize our support revenues provided on third-party software in accordance with ASC 605, *Revenue Recognition*, and SEC Staff Accounting Bulletin (SAB) 104, *Revenue Recognition*, except in limited instances when software provided by us is considered essential to the functionality of the support

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NOTE 4—BORROWINGS

The following table summarizes the Company's borrowings:

	As of December 31,	
	2012	2013
Line of credit	$ 6,000,000	$ 14,700,000
Note payable	2,099,999	—
Loan payable	—	948,084
	8,099,999	15,648,084
Less: Current portion	8,099,999	15,081,874
Noncurrent portion	$ —	$ 566,210

For the years ended December 31, 2011, 2012 and 2013, the Company's interest expense totaled $281,396, $480,853 and $586,915, respectively. Accrued interest as of December 31, 2012 and 2013 was $24,133 and $22,084, respectively.

Line of Credit

In June 2011, the Company amended an existing $4,000,000 line of credit extending the maturity to June 30, 2012. The extended line carried an interest rate at the bank's prime lending rate plus two percentage points, with an additional five percentage points charged in the event of default.

In July 2012, the Company again amended the line of credit increasing the credit limit to $7 million, extending the maturity date to July 27, 2014 and reducing the interest rate to the bank's prime lending rate, as defined plus 1 percentage point. Under the terms of line of credit, the Company is required to maintain an asset coverage ratio of 1.75 as measured by cash plus eligible accounts receivable divided by the amount drawn down on the line of credit.

In May 2013, the Company amended the line of credit increasing the credit limit from $7 million to $12.5 million, extending the maturity date to May 8, 2015 and reducing the interest rate to the bank's prime lending rate (3.25% as of December 31, 2013) plus 0.75 percentage points, and not less than 4.0%. In September 2013, the Company amended the line of credit increasing the credit limit from $12,500,000 to $15,000,000. The amounts left available to borrow under the line of credit were $1.0 million and $0.3 million, as of December 31, 2012 and 2013, respectively.

The line of credit has a lockbox provision whereby customer payments are received in a lockbox controlled by the lender. This line of credit is supported by 80% advances on eligible accounts receivable. Eligible receivables exclude any receivables that are not paid within 90 to 120 days of the invoice date and certain foreign accounts not covered by an insurance policy that covers certain other foreign customers. As of December 31, 2013, approximately $1.2 million of foreign accounts receivable was not covered by this policy, and was excluded from the eligible accounts receivable borrowing base.

Note Payable

In June 2011, Company entered into a loan agreement in the form of a note payable. The lender for the note payable was the same as the lender for the line of credit. Under the terms of the note payable, the Company obtained a $3.5 million, 36-month term loan with interest-only payments during the first six

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Rimini Street, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
YEARS ENDED DECEMBER 31, 2011, 2012 AND 2013

months and 30 equal monthly installments of $116,667 of principal, plus monthly payments of interest beginning on January 2012. In May 2013 the note payable, which had a balance of $1,516,661 at the time, was also amended. An additional $983,334 was borrowed, bringing the total principal to $2.5 million. The amended note payable included interest-only payments from June to November 2013 and 30 installments of interest plus $83,333 of principal beginning December 2013. In November 2013, the Company used $2.5 million available under the line of credit to settle the remaining balance under the note payable. The note payable bore interest at the bank's prime lending rate as defined (3.25% at November 30, 2013) plus two percentage points, and an additional five percentage points in the event of default. The note was collateralized by all assets and property of the Company.

Default Provision

An event of default would occur if a "material adverse change" were considered "reasonably likely" to occur. Such a material adverse change could occur if, for example, the Company experienced a material reduction in client sales as a result of an adverse development in our litigation with Oracle or, pursuant to the terms of the note payable and line of credit, a judgment were rendered against the Company in an amount of $50,000 or more. If such an event of default were to occur, the lender could demand accelerated payment of principal and accrued interest. Due to the "reasonably likely" standard in the line of credit and note payable agreements, these borrowings were classified as current at December 31, 2012 and 2013 even though the stated maturity dates are greater than a year beyond year end.

Loan Payable

During 2013, the Company financed the purchase of certain software classified as intangible assets with a three year loan arrangement with the seller. The amount financed was $1.2 million and interest accrues on the unpaid balance at a rate of approximately 9% per annum. Principal and interest is being paid quarterly in 12 equal installments of $116,045.

Future principal payments under the loan payable are as follows:

Year Ended December 31,	
2014	$ 381,874
2015	430,381
2016	135,829
Total	$ 948,084

NOTE 5—WARRANT LIABILITY

In connection with the issuance of a promissory note in 2008, the Company issued 30,000,000 warrants to purchase the Company's common stock with reset or down-round provisions. Down-round provisions reduce the exercise price of a warrant or convertible instrument if a company either issues equity shares for a price that is lower than the exercise price of those instruments or issues new warrants or convertible instruments that have a lower exercise price. Warrants with "down-round" provisions are not considered to be indexed to the Company's own stock and thus are recognized as a derivative liability on the balance sheet. Changes in the fair value of the warrants at each reporting period are marked-to-market at each reporting period and recognized as change in fair value of warrant liability in the consolidated statements of comprehensive loss.